

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

December 12, 2014

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No: 11MD-206

Maui

Resubmittal: Amend Prior Board Action of June 27, 2014, Item D-9 by including a
1) Recommendation for Exemption Statement Relative to Environmental Assessment
and, 2) Change in Term Expiration Date; Consent to Lease of Lands Under
Governor's Executive Order No. 2358 to Lae 'Ula O Kai, a Hawaii Nonprofit
Corporation Kanaha Beach Park, Kahului, Wailuku, Maui, Hawaii, Tax Map Key:(2)
3-8-001: Por. of 119.

BACKGROUND:

Kanaha Beach Park has been under the management and control of the County of Maui, Department of Parks and Recreation for public park purposes since January 2, 1968 via Executive Order No. 2358. In 1991, Lae 'Ula O Kai received permission from the parks department to construct an open air canoe hale (house) for the storage of several club canoes. The subject structure is also used for related canoe club activities and Hawaiian cultural practices.

In 2012, staff learned that consent was never obtained from the Board of Land and Natural Resources (BLNR) for this new use and agreement between the County of Maui and Lae 'Ula O Kai. Therefore, an after-the-fact approval was requested and granted by the BLNR on June 27, 2014 under agenda item D-9.

REMARKS:

Upon review by the office of the Attorney General it was noted that a correction needed to be made with regards to the term of this agreement. The original approval indicated a fifteen (15) year duration commencing in 2014 and expiring in 2027, a term of only thirteen (13) years. The appropriate duration should be from the commencement date through June 30, 2029. Refer to most recent draft lease between the County of Maui and Lae 'Ula O Kai, attached as Exhibit B (2).

Also, because this project has been deemed exempt from preparation of an environment assessment, staff has been advised this needs to be addressed with in the land board submittal.

EXHIBIT:


Exhibit A (1) – June 27, 2014, Item D-9 approved Board submittal.

Exhibit B (2) – Lae ‘Ula O Kai Lease of County Recreational Space.

RECOMMENDATION: That the Board:

1. Amend its prior Board action of June 27, 2014, under agenda item D-9, to include Recommendation No. 5. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore, exempt from the preparation of an environmental assessment.
2. Approve change in term of lease to commence upon execution and expire upon the 30th day of June 2029, unless sooner terminated.
3. All terms and conditions listed in its June 27, 2014 approval to remain the same.

Respectfully Submitted,



Larry Pacheco
Land Agent

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

June 27, 2014

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF#11MD-206
Maui

Consent to Lease of Lands under Governor's Executive Order No. 2358 to Lae 'Ula O Kai, a Hawaii Nonprofit Corporation, Kanaha Beach Park, Kahului, Wailuku, Maui, Hawaii, Tax Map Key:(2) 3-8-001: Por. of 119.

CONTROLLING AGENCY:

County of Maui, Department of Parks and Recreation

APPLICANT:

Lae 'Ula O Kai, a Hawaii Nonprofit Corporation.

LEGAL REFERENCE:

Section 171-11, Hawaii Revised Statutes, as amended.

ZONING:

State Land Use District: Conservation (L)

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

Governor's Executive Order No. 2358 to County of Maui, for Public Beach Park purposes; in a manner not to interfere with the operations of Kahului Airport.

APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON
June 27, 2014

D-9
EXHIBIT A (1)

LOCATION:

Portion of Government lands of Kahului situated at Wailuku, Maui, identified by Tax Map Key: (2) 3-8-001: por. of 119, as shown on the attached map in Executive Order No. 2358, labeled Exhibit A.

AREA:

6,470 square feet, more or less.

CHARACTER OF USE:

Open-Air Canoe House (Halau Wa'a) for Canoe Club and Hawaiian Cultural Practices purposes.

TERM:

15 years, commencing upon the execution of this document and expiring on June 30, 2027.

RENT AMOUNT:

\$100.00 per annum to the County of Maui.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the Department of Land and Natural Resources Department-wide Exemption List, approved by the Environmental Council and dated December 4, 1991, the Land Board's consent to the lease is considered to be exempt from the preparation of an environmental assessment pursuant to Exemption Class No.1, that states: "Operations, repairs or maintenance of existing structures, facilities, equipment or topographical features, involving negligible or no expansion or change of use beyond that previously existing". In addition, the Office of Conservation and Coastal Land determined the structure itself was exempt under Hawaii Administrative Rules Section 11-200-8(4), Minor alteration in the conditions of land, water, or vegetation. See Exhibit D.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>x</u>	NO <u> </u>
Registered business name confirmed:	YES <u>x</u>	NO <u> </u>
Applicant in good standing confirmed:	YES <u>x</u>	NO <u> </u>

EXHIBITS:

Exhibit A: Executive Order No. 2358.

Exhibit B: Lease agreement between the County of Maui and Lae 'Ula O Kai.

Exhibit C: Survey map of the canoe facility that was prepared by Raymond B. Turner, licensed professional Land Surveyor.

Exhibit D: Letter dated June 27, 2012, from the Office of Conservation and Coastal Lands for an After-the-Fact approval for the Lea 'Ula O Kai Halau Wa'a.

Exhibit E: Photos of the subject structure dated February 10, 2012.

REMARKS:

On January 2, 1968, the County of Maui, received Governor's approval for the set aside of 66.1 acres of State land to be utilized for public park purposes under Executive Order No. 2358. The subject area is now known as Kanaha Beach Park.

In 1991, the County Department of Parks and Recreation allowed Lae 'Ula O Kai to construct an open-air canoe house. The canoe house provides a covered area for storing of several valuable canoes. Classes geared towards perpetuating Hawaiian cultural practices and other canoe club related activities are also conducted at this site. The applicant intends to continue the same use under the lease agreement.

The proposed use being requested by Lae 'Ula O Kai is consistent with the intended purposes of EO No. 2358. Staff has no objection to the disposition of a 15 year lease to the applicant at the nominal rent of \$100.00 per year.

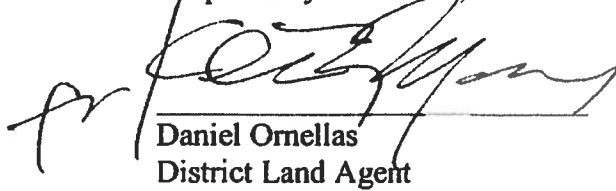
RECOMMENDATION:

That the Board consent to the lease between County of Maui, Department of Parks and Recreation and Lae 'Ula O Kai, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following:

1. Upon receiving approval from the Board, Lae 'Ula O Kai shall provide approved building permits for the existing structure. If no building permits were obtained at the time of construction, after the fact permits must be obtained. All structures must be permitted and built to Maui County code.
2. All uses by the Applicant shall not interfere with the functions and operations of the Kahului Airport.
3. Review and approval by the Department of the Attorney General; and

4. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,


Daniel Ornellas
District Land Agent

APPROVED FOR SUBMITTAL:


William J. Aila, Jr., Chairperson





STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

June 27, 2014

EXEMPTION NOTIFICATION

regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title: Consent to Lease Under Executive Order No. 2358 – Kanaha Beach Park (County of Maui) to Lae ‘Ula O Kai.

Project / Reference No.: PSF# 11MD-206

Project Location: Kahului, Wailuku, Maui, Hawaii

Project Description: Consent to assign a lease agreement between the County of Maui and Lae ‘Ula O Kai for the use of a portion of Kanaha Beach Park. The area to be utilized as a canoe hale and meeting place.

Chap. 343 Trigger(s): Use of State Land

Exemption Class No. and Description: In accordance with the Department of Land and Natural Resources Department-wide Exemption List, approved by the Environmental Council and dated December 4, 1991, the subject project is considered to be exempt from the preparation of an environmental assessment pursuant to Exemption Class No.1, that states: "Operations, repairs or maintenance of existing structures, facilities, equipment or topographical features, involving negligible or no expansion or change of use beyond that previously existing".

Recommendation: It is anticipated this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.


William J. Aila Jr., Chairperson


Date 6/12/14

Setting Aside Land for Public Purposes

SURVEY DIVISION
D.A.G.S.

JAN 11 | 23 ~~APR 1966~~ Executive Order, I, the undersigned, Governor of the State of Hawaii, by virtue of the authority in me vested by Section 103A-11, Revised Laws of Hawaii 1955, as amended, and every other authority me hereunto enabling, do hereby order that the public land hereinafter described be, and the same is, hereby set aside for the following public purposes:

FOR PUBLIC BEACH PARK, to be operated and managed by the County of Maui, a political subdivision of the State of Hawaii, in a manner so as not to interfere with the operation of Kahului Airport.

KAHULA BEACH PARK

Kahului, Wailuku, Maui, Hawaii

Being a portion of Grant 3343 to Claus Spreckels

Being also a portion of Parcel 1 conveyed to the Territory of Hawaii by the United States of America by quitclaim Deed dated December 10, 1936, recorded in Liber 4250, Page 299 (Land Office Deed 15432) and modified by Deed dated August 11, 1965 (Land Office Deed 8-18727)

Being also all of Parcels 1, 2 and 3 and portions of Parcels 7-A, 7-B and 8-A of Civil Action Number 564.

Beginning at the southeast corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUD WAKU" being 825.40 feet North and 13,354.38 feet West, thence running by azimuths measured clockwise from true South:-

1. 65° 00' 3950.00 feet along the remainder of Grant 3343 to Claus Spreckels;
2. 155° 00' 970.03 feet along the remainder of Grant 3343 to Claus Spreckels to highwater mark at seashore;

Thence along highwater mark at seashore for the next twelve (12) courses, the direct azimuths and distances between points on said highwater mark being:

C-246. 11.30

3.	244°	50'	197.83 feet;
4.	261°	30'	660.00 feet;
5.	256°	00'	770.00 feet;
6.	249°	10'	940.00 feet;
7.	244°	44'	315.10 feet;
8.	233°	40'	460.00 feet;
9.	236°	36'	129.93 feet;
10.	240°	00'	110.00 feet;
11.	251°	24'	91.77 feet;
12.	243°	28' 30"	130.20 feet;
13.	243°	20'	120.00 feet;
14.	233°	53'	122.33 feet;
15.	360°	00'	756.43 feet along the remainder of Grant 3343 to Claus Spreckels to the point of beginning and containing an AREA OF 66.1 ACRES.

SUBJECT, HOWEVER, to Easement 2 as reserved to the Hawaiian Commercial and Sugar Company, Limited, its successors and assigns, by that certain Order and Judgment on Declaration of Taking, filed August 10, 1945, in Civil Action Number 564 in the District Court of the United States for the State of Hawaii.

SUBJECT, ALSO, TO:

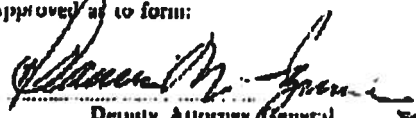
1. The rights of the Federal Government now existing or as they may hereafter exist and the responsibility of the State of Hawaii to comply with any and all of its obligations to the Federal Government.
2. The right of the State to withdraw said public land, in whole or in part, (a) for airport purposes; or (b) whenever said public land, or portion thereof, shall cease to be used for the purposes specified herein; or (c) whenever required by any agreement now in force or which may hereinafter be in force between the State of Hawaii and the United States of America, including but not limited to grant agreements and Land Office Bonds 16432 and A-18727, aforesaid.

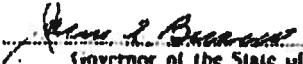
3. Compliance with and observance of all State and Federal rules, regulations and statutes, including but not limited to Public Law 82-377, as amended by Public Law 87-634, pertaining to and affecting the use of said Public land.

SUBJECT, FURTHER, to disapproval by the legislature by two-thirds vote of either the Senate or the House of Representatives or by majority vote of both, in any regular or special session next following the date of this Executive Order.

In attestation whereof, I have hereunto set my hand and caused the Great Seal of the State of Hawaii to be affixed.
Done at the Capitol at Honolulu this 17th day of January, Nineteen Hundred and 68

Approved as to form:


Deputy Attorney General


Governor of the State of Hawaii

1100
Printed by: 1

Dated: 1/2/68 -3-

State of Hawaii
Office of the Lieutenant Governor

Whe to to Certify That the within is a true copy of Executive Order No. 752
 setting aside land for public purposes, the original of which is on file in this office.

In Witness Whereof, the Lieutenant Governor of the
 State of Hawaii, has hereunto subscribed his name
 and caused the Great Seal of the State to be affixed.

DONE in Honolulu, this day of
, A.D. 19.....

Executive Order No. 752

**Setting Aside Land for
 Public Purposes**

Land	
Purpose	
Date	

REGULAR SYSTEM

To: DEPARTMENT OF FINANCE
County Of Maui
200 South High Street
Wailuku, Maui, Hawaii 96793

Affects TMK No.: (2)3-8-001:119 (por.) Total No. of Pages: _____

THIS LEASE, made this _____ day of _____, 2014, by and between the COUNTY OF MAUI, a political subdivision of the State of Hawaii, whose principal place of business and mailing address is 200 South High Street, Wailuku, Maui, Hawaii 96793, hereinafter referred to as "Lessor", and the LAE`ULA O KAI, a Hawaii nonprofit corporation, whose mailing address is Post Office Box 898, Wailuku, Maui, Hawaii 96793 hereinafter referred to as "Lessee", and collectively referred to as the "Parties";

WHEREAS, the State of Hawaii is the owner of that certain parcel of land that Lessee desires to lease a portion of; and

EXHIBIT " B "

WHEREAS, the State of Hawaii through Executive Order No. 2358 has assigned control and management of the area to the County of Maui; and

WHEREAS, Lessee has occupied the site since 1991 and has constructed its Halau Wa'a (open-air canoe house) on the site; and

WHEREAS, the County of Maui supports Lessee and hopes to assist Lessee by issuing this Lease so that Lessee may continue to conduct its activities on the site; NOW, THEREFORE,

Lessor, for and in consideration of Lessee's covenants and agreements set forth herein, does hereby agree to grant a lease to Lessee and Lessee hereby accepts said lease on the terms and conditions set forth below:

A. Premises. The leased area comprises a 6,470 square foot area, more or less, of Kanaha Beach Park, more particularly shown on Exhibit "a-1", attached hereto and by reference incorporated herein, that is a portion of Tax Map Key No. (2) 3-8-001:119, which is set aside by Governor's Executive Order No. 2358, attached hereto and by reference incorporated herein as Exhibit "a-2", hereinafter referred to as the "Premises."

B. Use of Premises. Lessee shall use the Premises for perpetuating Hawaiian cultural practices and other related canoe club purposes. The use of the Premises for any other purpose shall require the prior written approval of Lessor, through its Director of the Department of Parks and Recreation ("Director") and the State of Hawaii, Board of Land and Natural Resources ("BLNR").

C. Term. This Lease shall commence upon execution and expire upon the 30th day of June 2035, unless sooner terminated as provided herein.

D. Cancellation. The Lease shall be subject to immediate cancellation in the event of disapproval of Executive Order 2358, by the Hawaii State Legislature pursuant to Section 171-11, Hawaii Revised Statutes.

E. Rent. Lessor reserving and the Lessee yielding and paying to the Lessor the nominal rental amount of ONE DOLLAR (\$1) per annum, the receipt and sufficiency of which is hereby acknowledged.

F. Kanaha Beach Park. Lessee may have temporary, non-exclusive use of areas of Kanaha Beach Park, other than the Premises, that are not being used by other parties and are not scheduled for use by other parties, for small events and daily activities without obtaining a permit from Lessor. Any use of areas of the Kanaha Beach Park, other than the Premises, shall not restrict the public's use and access of the park for outdoor recreation. Lessee shall indemnify, defend, and hold harmless the Lessor, the State of Hawaii, and their respective Lessor's officers, employees, and agents from and against any and all claims for bodily injury, wrongful death and/or property damage by any persons caused by, occasioned by, arising from, or resulting from this use of Kanaha Beach Park.

G. No Disturbance: Lessee acknowledges and confirms that the Premises is a part of a public park facility used by the

general public. Lessee and anyone claiming under Lessee, shall limit their activities to the Premises covered by this Agreement and will exercise its rights in a manner causing as little interference as reasonably possible with the use of the rest of Kanaha Beach Park by Lessor and the general public. Lessee and anyone claiming under Lessee shall obey reasonable rules, regulations, instructions and/or directions of Lessor and Lessor's officers, employees, or agents with respect to same.

H. Permit required. If Lessee desires to have temporary, exclusive use of portions of Kanaha Beach Park, outside of the Premises, Lessor shall apply for a use permit with the Department of Parks and Recreation.

I. Additional Covenants, Terms and Conditions. Additional covenants, terms and conditions of this Lease are set forth in Exhibit "a-3" attached hereto and by reference made a part hereof.

J. Grant requirements. Within three (3) weeks after the end of the fiscal year, Lessee shall transmit to the Department of Parks and Recreation a report containing the following information for the quarter and for the fiscal year to date:

1. Program status summary;
2. Program data summary;
3. Summary of participant characteristics;
4. Changes in real property tax assessment for the real property;
5. Earnings from the grant of real property; and
6. Narrative report.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed on the date set forth above.

LESSOR:

APPROVAL RECOMMENDED:

COUNTY OF MAUI

GLENN T. CORREA
Director of
Parks and Recreation

By _____
ALAN M. ARAKAWA
Its Mayor

APPROVED AS TO FORM
AND LEGALITY:

JEFFREY UEOKA
Deputy Corporation Counsel
County of Maui

By _____
DANILO F. AGSALOG
Its Director of Finance

S:\ALL\JTU\PARKS\AGREEMENTS\LEASES\Lae`ula O Kai\Lease (Lae`ula O Kai) 5.12.14.wpd

LESSEE:

LAE`ULA O KAI

By _____
(Signature)

(Print Name)

Its _____
(Title)

By _____
(Signature)

(Print Name)

Its _____
(Title)

APPROVED BY THE BOARD OF LAND
AND NATURAL RESOURCES AT ITS
MEETING HELD ON: _____

APPROVED:

Chairperson
Board of Land and
Natural Resources

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

On this _____ day of _____, 20____, before me personally appeared ALAN M. ARAKAWA, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the County of Maui, a political subdivision of the State of Hawaii, and that the seal affixed to the foregoing instrument is the lawful seal of the said County of Maui, and that the said instrument was signed and sealed on behalf of said County of Maui pursuant to Section 7-5.11 and Section 9-18 of the Charter of the County of Maui; and the said ALAN M. ARAKAWA acknowledged the said instrument to be the free act and deed of said County of Maui.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public, State of Hawaii

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION

Doc. Date: _____	# Pages: _____
Notary Name: _____	Judicial Circuit: _____
Doc. Description: _____	

Notary Signature: _____	
Date: _____	

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

On this _____ day of _____, 20____, before me appeared DANILO F. AGSALOG, to me personally known, who being by me duly sworn, did say that he is the Director of Finance of the County of Maui, a political subdivision of the State of Hawaii, and that the seal affixed to the foregoing instrument is the lawful seal of the said County of Maui, and that the said instrument was signed and sealed on behalf of said County of Maui pursuant to Section 9-18 of the Charter of the County of Maui; and the said DANILO F. AGSALOG acknowledged the said instrument to be the free act and deed of said County of Maui.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Seal

Notary Public, State of Hawaii

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION	
Doc. Date: _____	# Pages: _____
Notary Name: _____	Judicial Circuit: _____
Doc. Description: _____	

Notary Signature: _____	
Date: _____	

STATE OF _____)
_____) SS.
_____)

On this _____ day of _____, 20____, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public, State of _____

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION

Doc. Date:	_____	# Pages:	_____
Notary Name:	_____	Judicial Circuit:	_____
Doc. Description:	_____		

Notary Signature:	_____		
Date:	_____		

STATE OF _____)
_____) SS.
_____)

On this _____ day of _____, 20____, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Seal

Notary Public, State of _____

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION

Doc. Date: _____	# Pages: _____
Notary Name: _____	Judicial Circuit: _____
Doc. Description: _____	

Notary Signature: _____	
Date: _____	

Setting Aside Land for Public Purposes

By this Executive Order, I, the undersigned, Governor of the State of Hawaii, by virtue of the authority in me vested by Section 103A-11, Revised Laws of Hawaii 1955, as amended, and every other authority me hereunto enabling, do hereby order that the public land hereinafter described be, and the same is, hereby set aside for the following public purposes:

FOR PUBLIC BEACH PARK, to be operated and managed by the County of Maui, a political subdivision of the State of Hawaii, in a manner so as not to interfere with the operation of Kahului Airport.

KANAHUA BEACH PARK

Kahului, Wailuku, Maui, Hawaii

Being a portion of Grant 3343 to Claus Spreckels

Being also a portion of Parcel 1 conveyed to the Territory of Hawaii by the United States of America by quitclaim Deed dated December 10, 1956, recorded in Liber 4250, Page 299 (Land Office Deed 16432) and modified by Deed dated August 11, 1965 (Land Office Deed S-18727)

Being also all of Parcels 1, 2 and 3 and portions of Parcels 7-A, 7-B and 8-A of Civil Action Number 564.

Beginning at the southeast corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU NENE" being 885.40 feet North and 13,354.36 feet West, thence running by azimuths measured clockwise from True South:-

1. 65° 00' 3950.00 feet along the remainder of Grant 3343 to Claus Spreckels;
2. 155° 00' 970.03 feet along the remainder of Grant 3343 to Claus Spreckels to highwater mark at seashore;

Thence along highwater mark at seashore for the next twelve (12) courses, the direct azimuths and distances between points on said highwater mark being:

- | | | | |
|-----|------|---------|--|
| 3. | 244° | 50' | 197.53 feet; |
| 4. | 261° | 30' | 650.00 feet; |
| 5. | 256° | 00' | 770.00 feet; |
| 6. | 249° | 10' | 940.00 feet; |
| 7. | 244° | 44' | 315.10 feet; |
| 8. | 233° | 40' | 460.00 feet; |
| 9. | 236° | 36' | 199.93 feet; |
| 10. | 240° | 00' | 110.00 feet; |
| 11. | 251° | 24' | 91.77 feet; |
| 12. | 243° | 28' 30" | 150.20 feet; |
| 13. | 243° | 20' | 320.00 feet; |
| 14. | 253° | 55' | 122.33 feet; |
| 15. | 360° | 00' | 756.43 feet along the remainder of Grant 3343 to Claus Spreckels to the point of beginning and containing an AREA OF 66.1 ACRES. |

SUBJECT, HOWEVER, to Easement 2 as reserved to the Hawaiian Commercial and Sugar Company, Limited, its successors and assigns, by that certain Order and Judgment on Declaration of Taking, filed August 10, 1945, in Civil Action Number 564 in the District Court of the United States for the State of Hawaii.

SUBJECT, ALSO, TO:

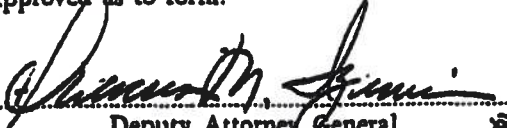
1. The rights of the Federal Government now existing or as they may hereafter exist and the responsibility of the State of Hawaii to comply with any and all of its obligations to the Federal Government.
2. The right of the State to withdraw said public land, in whole or in part, (a) for airport purposes; or (b) whenever said public land, or portion thereof, shall cease to be used for the purpose specified herein; or (c) whenever required by any agreement now in force or which may hereinafter be in force between the State of Hawaii and the United States of America, including but not limited to grant agreements and Land Office Deeds 16432 and 8-18727, aforesaid.

3. Compliance with and observance of all State and Federal rules, regulations and statutes, including but not limited to Public Law 82-377, as amended by Public Law 87-654, pertaining to and affecting the use of said public land.

SUBJECT, FURTHER, to disapproval by the legislature by two-thirds vote of either the Senate or the House of Representatives or by majority vote of both, in any regular or special session next following the date of this Executive Order.

In Witness Whereof, I have hereunto set my hand and caused the Great Seal of the State of Hawaii to be affixed.
Done at the Capitol at Honolulu this 9th day of January, Nineteen Hundred and 68.

Approved as to form:


Deputy Attorney General


Governor of the State of Hawaii

mm
Proofed by: 1

Dated: 1/2/68

-3-

State of Hawaii

Office of the Lieutenant Governor

2358

This is to Certify That the within is a true copy of Executive Order No.
setting aside land for public purposes, the original of which is on file in this office.

In Testimony Whereof, the Lieutenant Governor of the
State of Hawaii, has hereunto subscribed his name
and caused the Great Seal of the State to be affixed.

DONE in Honolulu, this day of
....., A.D. 19.....

Executive Order No. 2253

Setting Aside Land for Public Purposes

Land
Purpose
Date

COVENANTS, TERMS AND CONDITIONS

RESERVING UNTO THE STATE OF HAWAII THE FOLLOWING:

1. Minerals and Waters.

A. All minerals as hereinafter defined, in, on or under the Premises and the right, on its own behalf or through persons authorized by it, to prospect for, mine and remove such minerals and to occupy and use so much of the surface of the ground as may be required for all purposes reasonably extending to the mining and removal of such materials by any means whatsoever including strip mining. "Minerals" as used herein, shall mean any or all oil, gas, coal, phosphate, sodium, sulphur, iron, titanium, gold, silver bauxite, bauxitic clay, dispore, boehmite, laterite, gibbsite, alumina, all ores of aluminum and without limitation thereon all other mineral substances and ore deposits, whether solid, gaseous or liquid, including all geothermal resources, in, on, or under the land, fast or submerged; provided that "minerals" shall not include sand, gravel, rock or other material suitable for use and used in general construction in furtherance of Lessee's permitted activities on the Premises and not for sale to others.

B. All surface and ground water appurtenant to the demised land and the right on its own behalf or through persons authorized by it, to capture, divert or impound the same and to occupy and use so much of the Premises as may be required in the exercise of this right reserved; provided, however, that as a condition precedent to the exercise by the State of Hawaii of the rights reserved in this paragraph, just compensation shall be paid to Lessee for any of Lessee's improvements taken.

2. Prehistoric and Historic Remains. All prehistoric and historic remains found on the Premises, this Lease shall be subject to the rights of native tenants and to regulatory rights and ownership rights (if any) of the State of Hawaii established pursuant to state law including chapter 6E, Hawaii Revised Statutes, over prehistoric or historic remains found in, on, or under the land.

LESSEE HEREIN COVENANTS AND AGREES WITH LESSOR AS FOLLOWS:

1. Taxes, Assessments, Etc. Lessee shall pay or cause to be paid, prior to delinquency, any taxes and assessments, of every description, as to said Premises, or any part thereof, including any improvements thereon; provided, however, that with respect to any assessment made under any betterment or improvement law which

may be payable in installments, Lessee shall be required to pay only such installments, together with interest, as shall become due and payable during said term. Without limiting the generality of the foregoing, Lessees shall also be responsible for the payment of any Hawaii general excise tax (or successor tax) imposed upon the payment of all sums by Lessee under this Lease. Lessee shall remain current in payment of all taxes, rents, or other obligations to the United States, the State of Hawaii, or any of its political subdivisions, including the County of Maui.

2. Utility Services. Lessee shall pay, prior to delinquency, all charges for water, sewer, gas, electricity, telephone and other services or utilities used by Lessee on the Premises during the term of the Lease unless otherwise expressly agreed to in writing by Lessor.

3. No Residential Use. Lessee, its agents, employees and invitees, shall not use the Premises as temporary or permanent residence. Lessee shall not permit or allow any person to live on the Premises.

4. Indemnification. Lessee shall indemnify and save Lessor and the State of Hawaii harmless against and from any and all suits, claims, damages, judgments, costs and expense, including reasonable attorney's fees, arising from the Lessee's use of the Premises or arising from the construction of Lessee's improvements, from the failure of Lessee to observe and perform any of the covenants, obligations, rules, regulations, provisions, terms and conditions of this Lease, or from any act or negligence or omission to act of Lessee, its agents, contractors, servants, employees, concessionaires or licensees in or about the demised Premises or in any connection with this Lease. In case any action or proceeding be brought against Lessor, the State of Hawaii, or both (in addition to Lessee) by reason of any such claim, even though such claim be based on alleged fault of Lessor, the State of Hawaii, or both, Lessee agrees to pay the reasonable costs and expenses thereof, secured against Lessee by reason of such action or proceeding. The obligations of Lessee under this section shall survive the expiration or earlier termination of the Lease without limitation.

5. Costs of Litigation. In case Lessor and/or the State of Hawaii, without any fault on their respective parts, is made a party to any litigation commenced by or against Lessee (other than condemnation proceedings), Lessee shall pay all costs and expenses,

including attorneys fees, incurred by or imposed on Lessor and/or the State of Hawaii. Lessee shall pay all costs and expenses, including attorneys fees, which may be incurred by or paid by Lessor and/or the State of Hawaii in enforcing the covenants, obligations, rules, regulations, provisions, terms and conditions of this Lease, in recovering possession of the Premises, or in the collection of delinquent rent, taxes, and any and all other charges. The obligations of Lessee under this section shall survive the expiration or earlier termination of the Lease without limitation.

6. Assumption of Risk and Liability. Lessee, as a material part of the consideration to Lessor for this Lease, does hereby assume all risk of bodily injury, wrongful death and/or property damage, business interruption or economic loss occasioned by any accident, fire, or nuisance made or suffered on the Premises, and hereby waives any and all claims against the Lessor and the State of Hawaii. All inventory, property, vehicles, approved improvements and equipment of Lessee shall be kept, placed or stored at the sole risk of Lessee, and Lessor shall not be responsible or liable for any damage thereto or loss or theft thereof, including subrogation claims by Lessee's insurance carriers.

7. "As Is" Condition. Lessor has not made and shall not make, any representation or warranty, implied or otherwise, with respect to the condition of the Premises, including but not limited to (a) any express or implied warranty of merchantability or fitness for any particular purpose or (b) any dangerous or defective conditions existing upon the Premises, whether or not such conditions are known to Lessor or reasonably discoverable by Lessee. Lessee accepts the Premises in a completely "as is" condition, with full assumption of the risks, and consequences of such conditions.

8. Mortgage. Lessee may mortgage or create a security interest in the Premises or any portion thereof with the prior written approval of the Director and the BLNR, provided that, in the case of default the leasehold interest may be foreclosed only by judicial action pursuant to Chapter 667, Hawaii Revised Statutes, and the leasehold interest shall be transferred to the purchaser by assignment of lease for the remainder of the lease term only.

9. Liens. Lessee shall not commit or suffer any act of neglect whereby the Premises, or any part thereof, or the estate of Lessee in the same, shall become subject to any attachment, judgment, lien, charge, or encumbrance (hereinafter collectively called "Lien"), whatsoever. In the event that any Lien shall attach to or encumber the Premises, or if an application for a Lien is filed in any court of competent jurisdiction, Lessee shall bond against or discharge the same within ten (10) days after written request by Lessor. Lessee shall indemnify and hold harmless the Lessor and the State of Hawaii from and against all attachments, liens, charges and encumbrances and all expenses resulting therefrom, including attorney's fees.

10. Rules and Regulations. Lessor excepts and reserves the right, from time to time, to adopt reasonable rules and regulations pertaining to Lessee's use of the Premises, which rules and regulations shall be binding upon Lessee upon notice thereof to Lessee. For enforcement of such rules and regulations, if any, Lessor shall have all remedies in this Agreement and any other remedies allowed by law.

11. Alterations and Improvements. Lessee shall make no alterations to any structure on the Premises or construct any building or make any other improvements on the Premises without the prior written approval of the Director and the BLNR. Alterations or improvements on the Premises approved by the Director and the BLNR, made by and paid for by Lessee, with the exception of fixtures which cannot be removed without damage to the Premises, shall, unless otherwise provided by written agreement between the Parties, be the property of Lessee.

12. Fixed Improvements. Lessee shall not at any time during the term construct, place, maintain or install on the premises any building, structure or improvement of any kind or description except with the prior written approval of Lessor and the BLNR and upon those conditions the Lessor and/or BLNR may impose, including any adjustment of rent, unless otherwise provided in this Lease. All improvements of whatever kind or nature located on the Premises prior to, or on the commencement date of this Lease shall be, and at all time remain, the property of the Lessor.

13. Repair and Maintenance. Lessee shall at its own expense at all times during the term of this Lease, substantially repair and maintain, and keep all improvements now or hereafter built or

made on the Premises in good and safe repair, order, and condition, reasonable wear and tear excepted.

14. Sanitation. Lessee shall keep the Premises and improvements in a strictly clean, sanitary and orderly condition.

15. Waste and Unlawful, Improper or Offensive Use of Premises. Lessee shall not commit, suffer, or permit to be committed any waste or nuisance, or unlawful, improper or offensive use of the Premises, or any part thereof, nor, without the prior written consent of the Director, cut down, remove or destroy, or suffer to be cut down, removed or destroyed, any trees growing on the Premises at the commencement of the this Lease, as well as any trees that are growing on the Premises during the duration of the this Lease.

Lessee shall not allow the Premises to become unduly eroded or subject to any material increase in weeds or litter, and Lessee shall make reasonable efforts to prevent or correct same.

16. Hazardous Materials. Lessee shall at all times, at its own cost and expense, comply with all federal, state and local laws, ordinances, regulations and standards relating to the use, analysis, production storage, sale, disposal or transportation of any hazardous materials, including oil or petroleum products or their derivatives, solvents, PCB's, explosive substances, asbestos, radioactive materials or waste, and any other toxic, ignitable, reactive, corrosive, contaminating or polluting materials which are now or in the future subject to any governmental regulation (hereinafter collectively referred to as "hazardous substances"). Prior to commencing use of the Premises for any activity involving the storage, use, or distribution of (a) any hazardous substance, or (b) products or materials which (i) include any hazardous substance as a component and (ii) which, if an accident occurred, might result in the release or discharge of any hazardous substance, Lessee shall give written notice of such proposed use to Lessor. Such notice shall set forth (a) the proposed use and the hazardous substance involved, (b) a hazardous substance management plan describing the actions taken or proposed to be taken by Lessee to assure Lessee's compliance with the requirements of this Lease, and (c) evidence of insurance or other financial resources available to Lessee sufficient to assure Lessee's ability to comply with its obligations. Upon the expiration or earlier termination or revocation of this Lease, Lessee shall (a) cause all hazardous substances previously owned, stored, or used by Lessee to be

removed from the Premises and disposed of in accordance with applicable provisions of law; (b) remove any storage tanks or containers installed or used by Lessee to store any hazardous substances and repair any damage caused by such removal; (c) cause any soil or other portion of the Premises which has become contaminated by any hazardous substances stored or used by Lessee to be decontaminated, detoxified or otherwise cleaned up in accordance with the requirements of cognizant governmental authorities; and (d) surrender possession of the Premises to Lessor free of the presence or effects of any hazardous substances generated or used by Lessee in, on, or about the Premises during the term of this Lease. Lessee shall indemnify and hold harmless Lessor and the State of Hawaii from and against any and all claims relating to hazardous materials arising from this Lease. The obligations of Lessee under this section shall survive the expiration or earlier termination of the Lease without limitation.

17. Rights of Way and Easements. Lessor reserves the right, subject to the approval of the BLNR, to issue rights of way and easements for lines, transmission facilities and appurtenances for utilities, electricity, gas, telephone, pipes, water, sewers, drainage, flowage, and any other purposes, whatsoever, without limitation, including the right to enter to construct, reconstruct, operate and maintain such facilities; provided that all such reserved rights shall be reasonably exercised so as to cause the least practicable interference with Lessee's operations; provided further, that, in any such event, any improvements made by Lessee which were damaged as a result of such entry shall be restored to a condition as near as practicable prior to such entry. Lessor further reserves the right to authorize public access over, across, under and through the Premises.

18. Access to Information. Lessee shall provide Lessor and the BLNR with access to Lessee's books, records, assets, facilities, and all other information relative to the use of the Premises, as deemed necessary in the judgment of Lessor and, if applicable, the BLNR.

19. Liability Insurance, Required Coverage. Lessee shall obtain, pay for, and keep in force throughout the period of this Lease comprehensive liability insurance issued by an insurance company (the "Carrier") authorized to do business in the State of Hawaii (an "Admitted Carrier"), or by a company not authorized to do business in the State of Hawaii (a "Non-Admitted Carrier") only through a general insurance agent or broker licensed in the State of

Hawaii. The Carrier shall be rated no less than "A-" as established by "AM Best" or "Standard and Poor" ratings.

The insurance policy, as evidenced by issuance of a "Policy Endorsement", shall name Lessor, the State of Hawaii, and their respective officers, employees and agents as "Additional Named Insured", and shall include a duty to defend Lessor, State of Hawaii, and their respective officers, employees and agents against any loss, liability, claims, and demands for injury or damage, including but limited to, claims for property damage, personal injury, or wrongful death, arising out of, or in connection with Lessee's actions and/or use of Premises.

Unless otherwise agreed to through the joint decision and discretion of the Director of the Department of Finance and the Director, the insurance policy shall contain the following minimum requirements:

- 1) No less than a Combined Single Limit ("CSL") of liability coverage of \$1,000,000;
- 2) No erosion of limit by payment of defense costs; and
- 3) Minimum annual aggregate limit of \$2,000,000.

Prior to or upon the execution of this Agreement, Lessee shall furnish the Lessor with a copy of the insurance policy certificate together with the required endorsements verifying such insurance coverage. If the scheduled expiration date of a current insurance policy is sooner than the specified termination date of this Lease, the Lessee shall, upon renewal of the insurance policy, provide the County with a copy of the renewed insurance policy certificate together with the required endorsements.

If at any time, and from time to time, a higher limit or other requirements shall be deemed appropriate, customary, or necessary, in the reasonable discretion of the Director, the BLNR, or both, Lessee shall obtain and maintain such coverage.

20. Property Insurance. Lessee shall, unless otherwise agreed to through the joint decision and discretion of the Director of the Department of Finance and the Director, procure and, during the entire term of this Lease, keep in force and effect special form property insurance covering all of Lessee's leasehold improvements, trade fixtures, inventory, equipment and personal

property from time to time in, on or upon the Premises, in an amount not less than the full replacement cost thereof without deduction for depreciation, providing protection against all risks of loss not otherwise excluded for the Premises, together with insurance against sprinkler damage, vandalism, and malicious mischief, including demolition and debris removal and extended coverage, hurricane/wind coverage, and with inflation guard endorsement, if available in any insurance company qualified to do business in the State of Hawaii and shall, from time to time, deposit promptly with Lessor the policy and premium receipts therefor or a current certificate that such insurance is in full force and effect and shall not be cancelled without written notice to Lessor sixty (60) days prior to the effective date of such cancellation. All such policies shall be made payable to Lessor and Lessee as their interests may appear (it being understood and agreed that Lessor's interest shall be limited to permanent fixtures and other installations which are not removable by Lessee upon the termination of this Lease), and shall provide for a deductible of not more than \$5,000.00. All policy proceeds shall be used for the repair or replacement of the property damaged or destroyed unless this Lease shall cease and terminate in accordance with the provisions of this Lease.

21. Fire Insurance. Lessee shall, unless otherwise agreed to through the joint decision and discretion of the Director of the Department of Finance and the Director, procure, at its own cost and expense, and maintain during the period of this Lease, a policy or policies of fire insurance, on all buildings and improvements on the Premises, against loss or damage by fire in an amount equal to one hundred percent (100%) of the replacement value of the Premises as established by the insurance appraiser and as approved by the Director of Finance, and shall pay premiums thereon at the time and place the same are payable. The policy or policies of insurance shall be made payable in the case of loss to the County of Maui, as its interest may appear, and shall be deposited with the County. Any proceeds derived therefrom in the event of total or partial loss shall be immediately available to, and as soon as reasonably possible be used by Lessee for rebuilding, repairing, or otherwise reinstating the same buildings in a good and substantial manner according to the plans and specifications approved in writing by the County; provided, however that with the approval of the County, Lessee may surrender this Lease and Lessee shall then receive that portion of said proceeds which constitute the proportionate value of permanent improvements made by Lessee, if any, in relation to the unexpired term of this Lease and useful life of the

improvements at the time of the loss, if any, with the County retaining the remaining proceeds of said proceeds.

22. Condemnation. If at any time during the term of this Lease any portion of the leased Premises should be condemned or required for public purposes by the State of Hawaii or the United States, Lessee shall be entitled to receive from the condemning authority the proportionate value of Lessee's permanent improvements so taken in the proportion that it bears to the unexpired term of this Lease; provided that Lessee may, in the alternative, remove and relocate Lessee's improvements to the remainder of the Premises occupied by Lessee. Lessee shall not by reason of the condemnation be entitled to any claim against Lessor for condemnation or indemnity for its interest in this Lease and all compensation payable or to be paid for or on account of this Lease by reason of the condemnation, except as aforesaid as to Lessee's improvements, shall be payable to and be the sole property of Lessor. Where the portion taken renders the remainder unsuitable for the use or uses for which the land was leased, Lessee shall have the option to surrender this Lease and be discharged and relieved from any further liability therefor; provided that Lessee may remove the permanent improvements constructed, erected and placed by it within such reasonable period as may be allowed by Lessor. The foregoing right of Lessor shall not be exclusive of any other to which Lessor may be entitled by law.

23. Lessor's Lien. Lessor shall have a lien on all the buildings and improvements placed on the Premises by Lessee, on all property kept or used on the Premises, whether the same is exempt from execution or not, and on the premises, whether the same is exempt from execution or not, and on the rents of all improvements and buildings situated on the Premises for all costs, attorney's fees, rent reserved, taxes, and assessments paid by Lessor on behalf of Lessee and for the payment of all money as provided in this Lease to be paid by Lessee, and such lien shall continue until the amounts are paid.

24. Assignment. Lessee may, with prior written approval of the Director and the BLNR, assign the Lease for the remainder of the Lease term.

25. Sublease. Lessee may, with written approval of the Director and the BLNR, sublease the demised premises.

26. Lessee's Right to Terminate. If Lessee is not in default of the terms of this Lease to be observed and performed, Lessee may terminate this Lease by giving Lessor at least sixty (60) days prior written notice of such termination.

27. Surrender of Premises. At the expiration, revocation, cancellation or termination of this Lease, Lessee shall peaceably surrender the Premises, together with all improvements existing or constructed thereon, unless provided otherwise. On or before the last day of the term or the sooner termination thereof, Lessee, if not then in default, shall remove all trade fixtures, operating equipment and other personal property of Lessee from the Premises and repair any damage occasioned by any such removal. Property not so removed shall be deemed abandoned by Lessee.

28. Termination. If Lessee becomes bankrupt, dissolves, becomes inactive, or abandons the leased Premises for a period of four (4) consecutive months, or if this Lease and the leased Premises shall be attached or otherwise taken by operation of law, or if any assignment be made of Lessee's property for the benefit of creditors, or shall fail to observe and perform any of the covenants, obligations, rules, regulations, provisions, terms and conditions, and such failure shall continue for a period of more than thirty (30) days after delivery by Lessor of a written notice of such breach or default, by personal service, registered mail or certified mail to Lessee at Lessee's last known address, all rights granted hereunder to Lessee shall cease and this Lease shall terminate without prejudice to any other remedy or right of action for arrears of rent or damages or for any preceding or other breach or contract; and in the event of such termination, all buildings and improvements there on shall remain and become the property of Lessor, subject to any valid mortgages against the property.

29. Covenant Against Discrimination. The use and enjoyment of the Premises shall not be in support of any policy which discriminates against anyone based upon race, sex, sexual orientation, age, religion, color, ancestry, national origin, disability, marital status, arrest and court record, assignment of income for child support obligations and National Guard participation.

30. ADA Compliance. Lessor makes no representations or warranties, express or implied, as to the Premises or any existing improvements thereon, regarding compliance with the Americans with Disabilities Act of 1990 ("ADA"), 42 U.S.C. §§12101-12213 (2000). Lessee shall be responsible for complying with the ADA and Lessee shall defend, indemnify and hold harmless Lessor and the State of Hawaii against any and all claims regarding non-compliance with any requirement of the ADA. All costs relating to any required improvements or modifications to the Premises, and any existing improvements thereon, shall be borne by Lessee. Notwithstanding any other provision of this Lease to the contrary, any improvements to the Premises constructed by Lessee shall be in compliance with the ADA.

31. Compliance with Laws. Lessee shall comply with all federal, state, and county laws pertaining to the Premises and activities conducted on the Premises, now in force or which may hereinafter be in force.

32. Interpretation Under Hawaii Law. This Lease is made and entered into in the State of Hawaii, and shall in all respects be interpreted, enforced, and governed under the laws of the State of Hawaii.

33. Gender. The use of any gender shall include all genders, and if there be more than one Lessee or Lessor, then all words used in the singular shall extend to and include the plural.

34. Paragraph Headings. The paragraph headings throughout this lease are for the convenience of Lessor and Lessee and are not intended to construe the intent or meaning of any of the provisions thereof.

35. Time of the Essence. Time is of the essence of this Lease and all of the terms, provisions, covenants, and conditions hereof.

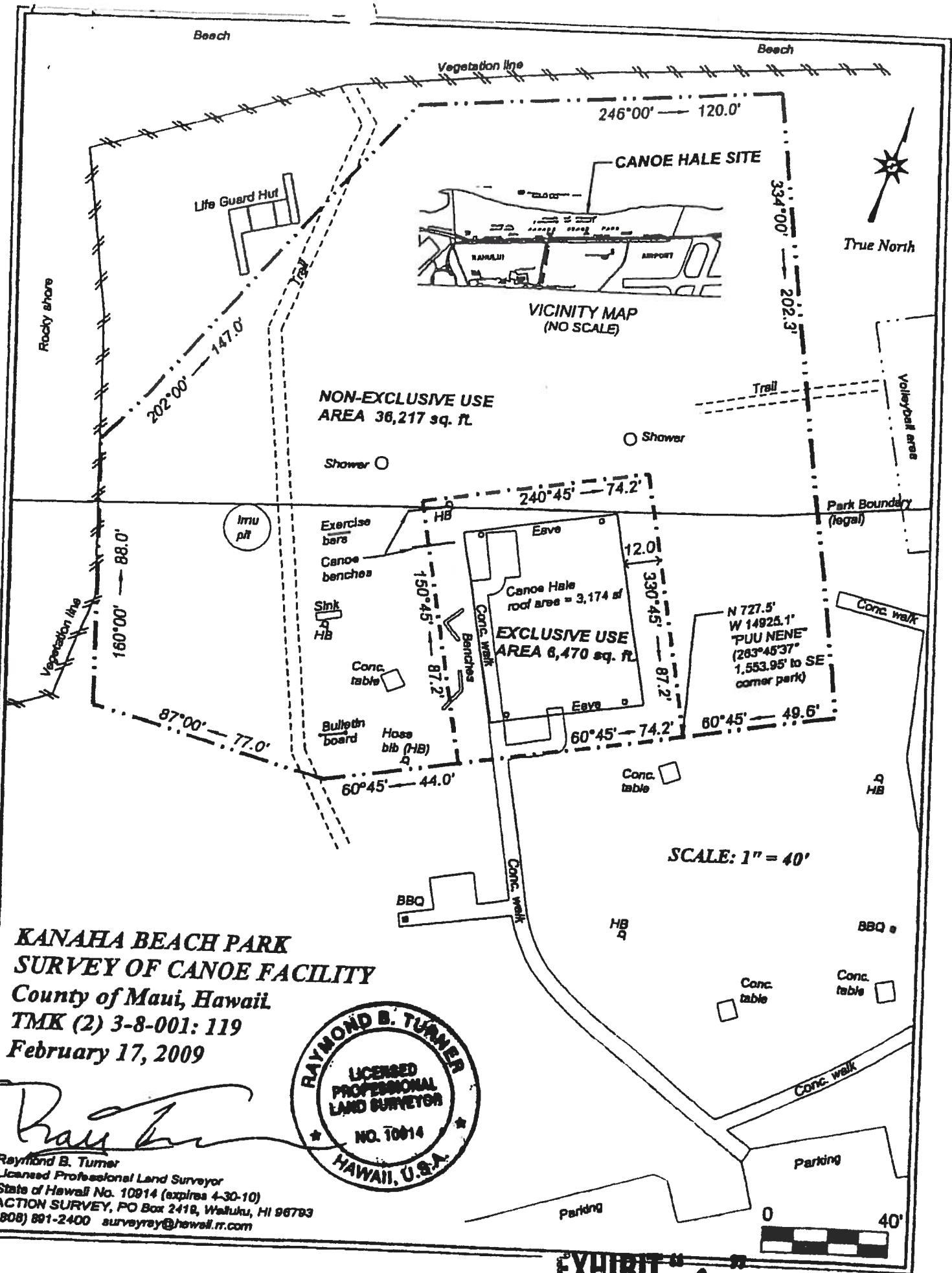
36. Notices. All notices or demands that are required or may be given under this Lease by one party to another party, or that are required by law, shall be in writing and shall be deemed to have been validly given or served in the following manner: (a) by delivery to the intended addressee; or (b) by depositing the notice with a reputable private courier service for next business day delivery to the intended recipient at its address set forth on the first page of this Lease or at such other address as a party shall

have designated for such purpose by notice to the other party or parties; or (c) by depositing the notice with the United States Postal Service for delivery, postage prepaid, registered or certified mail, return receipt requested, to the intended recipient at its address set forth on the first page of this Lease or at such other address as a party shall have designated for such purpose by notice to the other party or parties.

A notice shall be deemed received upon personal delivery to the designated address or three days after being deposited with a private courier service or with the United States Postal Service as described, supra. Rejection of or refusal to accept a notice or the inability to give notice because a notice of a change in address was not given as required by this Paragraph shall be deemed to be receipt of the notice sent when tendered as provided by this Paragraph.

If a party has designated an agent for service of process, notice to the agent shall conclusively be deemed service on the party. A party shall have the right from time to time to change its address for receipt of notice and to specify any other address within the United States of America by giving written notice of the change in address to the other party or parties at least fifteen (15) days in advance. A notice of change of address is effective under this Lease only when actually received.

37. Assistance of Legal Counsel. The Parties represent and certify to each other that they have been advised to seek the advice of legal counsel and have done so. The Parties have carefully read and fully understand all of the provisions of this Lease, and have thoroughly discussed all aspects of this Lease with their respective counsel. The parties are voluntarily entering into this Lease and no party or its agents, representatives, or attorneys have made any representations concerning the terms or effects of this Lease other than those contained herein.



NEEL ABERCROMBIE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
OFFICE OF CONSERVATION AND COASTAL LANDS
POST OFFICE BOX 621
HONOLULU, HAWAII 96809

12/12
WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT
GUY B. KAULUKUKUI
FIRST DEPUTY
WILLIAM M. TAM
DEPUTY DIRECTOR - WATER
AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENFORCEMENT
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

REF: OCCL: AJR

SPA: MA-12-37

Glenn T. Correa
c/o Maui County DP&R
700 Hali'a Nakoa St., Unit 2
Wailuku, Hawaii 96793

JUN 27 2012

Re: After-the-fact approval for the Lea 'Ula O Kai Halau Wa'a
TMK: (2) 3-8-001:119
Kanaha Beach Park, County of Maui, Hawaii

Dear Mr. Correa,

The Office of Conservation and Coastal Lands (OCCL) is in receipt of your application, dated April 11, 2012, notifying the Department of your request for After-the-fact (ATF) approval for an existing 40-foot by 60-foot wooden canoe house, built on the subject parcel located within the Conservation District Limited Subzone.

The existing canoe house was built and is occupied by the lessee, Hawaii non-profit organization Lae 'Ula O kai. The County of Maui did obtain shoreline setback approval and special management area permits in 1991, then received the building permit for the Halau Wa'a in 1995; although the applicant failed to obtain proper authorization from this office for work in the Conservation District. After the April 11, 2012 correspondence was received by this office an enforcement case (MA-12-31) was opened for the unauthorized construction. On April 26, 2012 the Maui County Department of Parks and Recreation was sent a Notice of Civil Resource Violation, and a fine of \$1000.00 was levied against Maui County. On May 14, 2012 the County of Maui paid the fine of \$1000.00 and the enforcement case was closed.

ANALYSIS:

Under §13-5-22, Hawaii Administrative Rules (HAR), the construction of a Halau Wa'a is considered to be an identified land uses in the Resource Subzone, §13-5-22; P-9, STRUCTURES, ACCESSORY (B-1); *Construction or placement of structures accessory to existing facilities or uses;*

The proposed project is minor in scope and may be considered an exempt action under state environmental laws §11-200-8(4) *Minor alterations in the conditions of land, water, or vegetation.*

Therefore, Site Plan Approval (SPA) is hereby granted for the existing Lea 'Ula O Kai Halau Wa'a; this approval is subject to the following conditions:

1. The permittee shall comply with all applicable statutes, ordinances, rules, and regulations of the federal, state, and county governments, and applicable parts of Chapter 13-5, HAR;
2. Where required, the permittee shall submit future site plans, including construction, grading, site restoration, landscaping or any other plans to the department for its review and approval. All

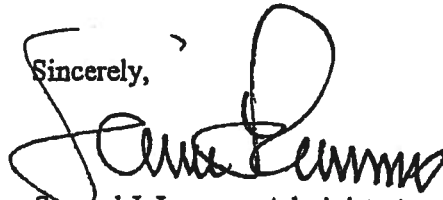
EXHIBIT " D "

plans shall first obtain department approval before plans are submitted for approval by the pertinent state and county agencies;

3. The permittee, its successors and assigns, shall indemnify and hold the State of Hawaii harmless from and against any loss, liability, claim or demand for property damage, personal injury or death arising out of any act or omission of the permittee, its successors, assigns, officers, employees, contractors and agents under this permit or relating to or connected with the granting of this permit;
4. There shall be no ground excavation, grading or disturbance of any kind at the proposed site without additional authorization from the department;
5. The permittee will continue to adhere to the conditions listed in the Conservation District Use Permit (CDUP) MA-656 approved by the Board on June 13, 1975;
6. If the permittee proposes any additional land uses on the subject parcel they will contact the Office of Conservation and Coastal Lands office prior to applying for approval; and
7. Other terms and conditions as may be prescribed by the Chairperson.

Please acknowledge receipt of this approval, with the above noted conditions, in the space provided below. Please sign two copies. Retain one and return the other within thirty (30) days. Should you have any questions, please feel free to contact Alex J. Roy of our Office of Conservation and Coastal Lands at 808-587-0316.

Sincerely,



Samuel J. Lemmo, Administrator
Office of Conservation and Coastal Lands

Receipt acknowledged:

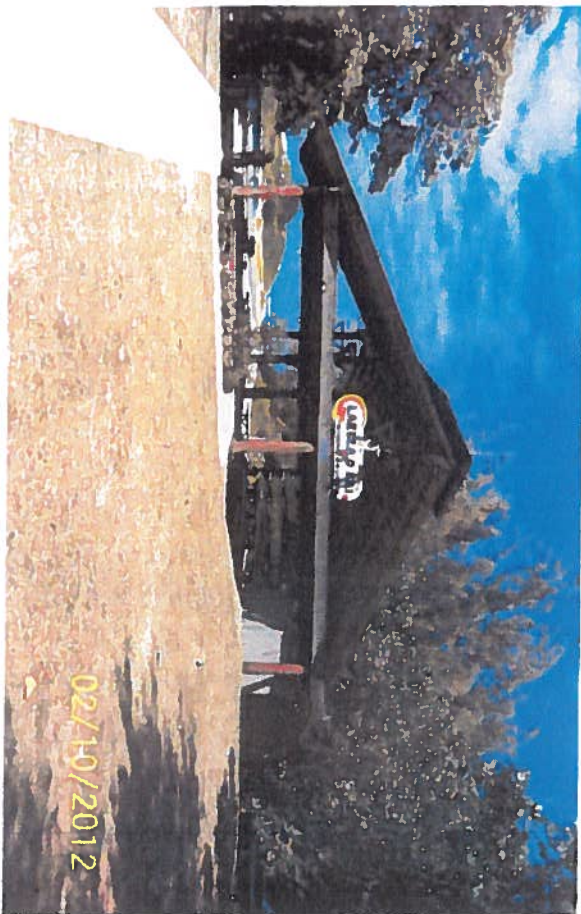


Applicant's Signature

Date 7/6/12

CC: Chairperson
County of Maui, Planning Department
MDLO
DOCARE

Photos taken: 2/10/2012



Lae Uia O Kai Canoe Club, Kanaha Beach Park



Structure built within Kanaha Beach Park, EO-2358 to the County of Maui. Structure is located within a Conservation District (limited sub-zone) at TMK: (2) 3-8-001-119



Photos taken: 2/10/2012



Lae 'Ula O Kai Canoe Club, Kanaha Beach Park



View of the structure from the ocean side.

LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail (X) Pickup ()

To: DEPARTMENT OF FINANCE
County Of Maui
200 South High Street
Wailuku, Maui, Hawaii 96793

Affects TMK No.: (2)3-8-001:119(por.) Total No. of Pages: _____

LAE 'ULA O KAI
LEASE OF COUNTY RECREATIONAL SPACE

THIS LEASE, made this _____ day of _____, 2014, by and between the COUNTY OF MAUI, a political subdivision of the State of Hawaii, whose principal place of business and mailing address is 200 South High Street, Wailuku, Maui, Hawaii 96793, hereinafter referred to as "Lessor", and the LAE 'ULA O KAI, a Hawaii nonprofit corporation, whose mailing address is Post Office Box 898, Wailuku, Maui, Hawaii 96793 hereinafter referred to as "Lessee", and collectively referred to as the "Parties";

W I T N E S S E T H:

WHEREAS, the State of Hawaii is the owner of that certain parcel of land that Lessee desires to lease a portion of; and

WHEREAS, the State of Hawaii through Executive Order No. 2358 has assigned control and management of the area to the County of Maui; and

WHEREAS, Lessee has occupied the site since 1991 and has constructed its Halau Wa`a (open-air canoe house) on the site; and

WHEREAS, the County of Maui supports Lessee and hopes to assist Lessee by issuing this Lease so that Lessee may continue to conduct its activities on the site; NOW, THEREFORE,

Lessor, for and in consideration of Lessee's covenants and agreements set forth herein, does hereby agree to grant a lease to Lessee and Lessee hereby accepts said lease on the terms and conditions set forth below:

A. Premises. The leased area comprises a 6,470 square foot area, more or less, of Kanaha Beach Park, more particularly shown on Exhibit "a-1", attached hereto and by reference incorporated herein, that is a portion of Tax Map Key No. (2) 3-8-001:119, which is set aside by Governor's Executive Order No. 2358, attached hereto and by reference incorporated herein as Exhibit "a-2", hereinafter referred to as the "Premises."

B. Use of Premises. Lessee shall use the Premises for perpetuating Hawaiian cultural practices and other related canoe club purposes. The use of the Premises for any other purpose shall require the prior written approval of Lessor, through its Director of the Department of Parks and Recreation ("Director") and the State of Hawaii, Board of Land and Natural Resources ("BLNR").

C. Term. This Lease shall commence upon execution and expire upon the 30th day of June 2029, unless sooner terminated as provided herein.

D. Cancellation. The Lease shall be subject to immediate cancellation in the event of disapproval of Executive Order 2358, by the Hawaii State Legislature pursuant to Section 171-11, Hawaii Revised Statutes.

E. Rent. Lessor reserving and the Lessee yielding and paying to the Lessor the nominal rental amount of ONE HUNDRED DOLLARS (\$100) per annum, the receipt and sufficiency of which is hereby acknowledged.

F. Kanaha Beach Park. Lessee may have temporary, non-exclusive use of areas of Kanaha Beach Park, other than the Premises, that are not being used by other parties and are not scheduled for use by other parties, for small events and daily activities without obtaining a permit from Lessor. Any use of areas of the Kanaha Beach Park, other than the Premises, shall not restrict the public's use and access of the park for outdoor recreation. Lessee shall indemnify, defend, and hold harmless the Lessor, the State of Hawaii, and their respective Lessor's officers, employees, and agents from and against any and all claims for bodily injury, wrongful death and/or property damage by any persons caused by, occasioned by, arising from, or resulting from this use of Kanaha Beach Park.

G. No Disturbance: Lessee acknowledges and confirms that the Premises is a part of a public park facility used by the

general public. Lessee and anyone claiming under Lessee, shall limit their activities to the Premises covered by this Agreement and will exercise its rights in a manner causing as little interference as reasonably possible with the use of the rest of Kanaha Beach Park by Lessor and the general public. Lessee and anyone claiming under Lessee shall obey reasonable rules, regulations, instructions and/or directions of Lessor and Lessor's officers, employees, or agents with respect to same.

H. Permit required. If Lessee desires to have temporary, exclusive use of portions of Kanaha Beach Park, outside of the Premises, Lessee shall apply for a use permit with the Department of Parks and Recreation.

I. Additional Covenants, Terms and Conditions. Additional covenants, terms and conditions of this Lease are set forth in Exhibit "a-3" attached hereto and by reference made a part hereof.

J. Grant requirements. Within three (3) weeks after the end of the fiscal year, Lessee shall transmit to the Department of Parks and Recreation a report containing the following information for the quarter and for the fiscal year to date:

1. Program status summary;
2. Program data summary;
3. Summary of participant characteristics;
4. Changes in real property tax assessment for the real property;
5. Earnings from the grant of real property; and
6. Narrative report.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed on the date set forth above.

LESSOR:

APPROVAL RECOMMENDED:

COUNTY OF MAUI

BRIANNE L. SAVAGE
Deputy Director of
Parks and Recreation

By _____
ALAN M. ARAKAWA
Its Mayor

APPROVED AS TO FORM
AND LEGALITY:

JEFFREY UEOKA
Deputy Corporation Counsel
County of Maui

By _____
DANILO F. AGSALOG
Its Director of Finance

S:\ALL\JTU\PARKS\AGREEMENTS\LEASES\Lae`ula O Kai\Lease.9.11.14.wpd

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LESSEE:

LAE 'ULA O KAI

By _____
(Signature)

(Print Name)

Its _____
(Title)

By _____
(Signature)

(Print Name)

Its _____
(Title)

APPROVED BY THE BOARD OF LAND
AND NATURAL RESOURCES AT ITS
MEETING HELD ON: _____

APPROVED:

WILLIAM J. AILA, JR.
Chairperson
Board of Land and
Natural Resources

Date _____

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STATE OF HAWAII)
)
COUNTY OF MAUI) SS.

On this _____ day of _____, 20____, before me personally appeared ALAN M. ARAKAWA, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the County of Maui, a political subdivision of the State of Hawaii, and that the seal affixed to the foregoing instrument is the lawful seal of the said County of Maui, and that the said instrument was signed and sealed on behalf of said County of Maui pursuant to Section 7-5.11 and Section 9-18 of the Charter of the County of Maui; and the said ALAN M. ARAKAWA acknowledged the said instrument to be the free act and deed of said County of Maui.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

[Stamp or Seal]

Notary Public, State of Hawaii

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION

Doc. Date: _____	# Pages: _____
Notary Name: _____	Judicial Circuit: _____
Doc. Description: _____ _____ _____ _____	
[Stamp or Seal]	
Notary Signature: _____	
Date: _____	

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

On this _____ day of _____, 20____, before me appeared DANILO F. AGSALOG, to me personally known, who being by me duly sworn, did say that he is the Director of Finance of the County of Maui, a political subdivision of the State of Hawaii, and that the seal affixed to the foregoing instrument is the lawful seal of the said County of Maui, and that the said instrument was signed and sealed on behalf of said County of Maui pursuant to Section 9-18 of the Charter of the County of Maui; and the said DANILO F. AGSALOG acknowledged the said instrument to be the free act and deed of said County of Maui.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

[Stamp or Seal]

Notary Public, State of Hawaii

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION	
Doc. Date: _____	# Pages: _____
Notary Name: _____	Judicial Circuit: _____
Doc. Description: _____	

[Stamp or Seal]	
Notary Signature: _____	
Date: _____	

STATE OF _____)
_____) SS.
_____)

On this _____ day of _____, 20____, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

[Stamp or Seal]

Notary Public, State of _____

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION	
Doc. Date: _____	# Pages: _____
Notary Name: _____	Judicial Circuit: _____
Doc. Description: _____ _____ _____ _____	[Stamp or Seal]
Notary Signature: _____	
Date: _____	

STATE OF _____)
_____) SS.
_____)

On this _____ day of _____, 20____, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

[Stamp or Seal]

Notary Public, State of _____

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION	
Doc. Date: _____	# Pages: _____
Notary Name: _____	Judicial Circuit: _____
Doc. Description: _____	

Notary Signature: _____	[Stamp or Seal]
Date: _____	

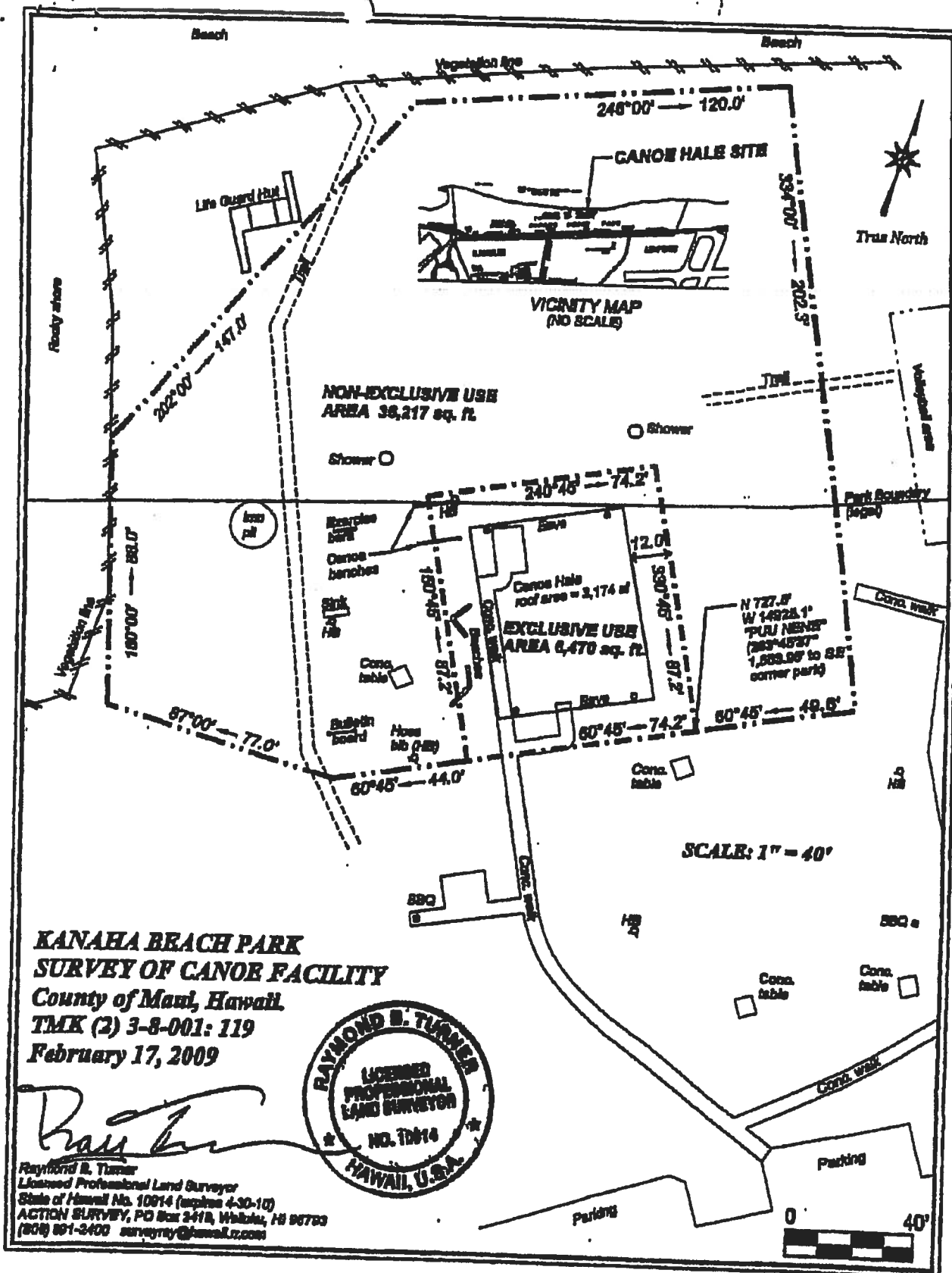


EXHIBIT "a-1"

Executive Order No. 2358

Setting Aside Land for Public Purposes

By this Executive Order, I, the undersigned, Governor of the State of Hawaii, by virtue of the authority in me vested by Section 103A-11, Revised Laws of Hawaii 1955, as amended, and every other authority me hereunto enabling, do hereby order that the public land hereinafter described be, and the same is, hereby set aside for the following public purposes:

FOR PUBLIC BEACH PARK, to be operated and managed by the County of Maui, a political subdivision of the State of Hawaii, in a manner so as not to interfere with the operation of Kahului Airport.

KANAHU BEACH PARK

Kahului, Wailuku, Maui, Hawaii

Being a portion of Grant 3343 to Claus Spreckels

Being also a portion of Parcel 1 conveyed to the Territory of Hawaii by the United States of America by quitclaim Deed dated December 10, 1956, recorded in Liber 4250, Page 299 (Land Office Deed 16432) and modified by Deed dated August 11, 1965 (Land Office Deed S-18727)

Being also all of Parcels 1, 2 and 3 and portions of Parcels 7-A, 7-B and 8-A of Civil Action Number 564.

Beginning at the southeast corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "FUU NENE" being 885.40 feet North and 13,354.36 feet West, thence running by azimuths measured clockwise from True South:-

1. 65° 00' 3950.00 feet along the remainder of Grant 3343 to Claus Spreckels;
2. 155° 00' 970.03 feet along the remainder of Grant 3343 to Claus Spreckels to highwater mark at seashore;

Thence along highwater mark at seashore for the next twelve (12) courses, the direct azimuths and distances between points on said highwater mark being:

- | | | | |
|-----|------|---------|--|
| 3. | 244° | 50' | 197.53 feet; |
| 4. | 261° | 30' | 650.00 feet; |
| 5. | 256° | 00' | 770.00 feet; |
| 6. | 249° | 10' | 940.00 feet; |
| 7. | 244° | 44' | 315.10 feet; |
| 8. | 233° | 40' | 460.00 feet; |
| 9. | 236° | 36' | 199.93 feet; |
| 10. | 240° | 00' | 110.00 feet; |
| 11. | 251° | 24' | 91.77 feet; |
| 12. | 243° | 28' 30" | 150.20 feet; |
| 13. | 243° | 20' | 320.00 feet; |
| 14. | 253° | 55' | 122.33 feet; |
| 15. | 360° | 00' | 756.43 feet along the remainder of Grant 3343 to Claus Spreckels to the point of beginning and containing an AREA OF 66.1 ACRES. |

SUBJECT, HOWEVER, to Easement 2 as reserved to the Hawaiian Commercial and Sugar Company, Limited, its successors and assigns, by that certain Order and Judgment on Declaration of Taking, filed August 10, 1945, in Civil Action Number 564 in the District Court of the United States for the State of Hawaii.

SUBJECT, ALSO, TO:

1. The rights of the Federal Government now existing or as they may hereafter exist and the responsibility of the State of Hawaii to comply with any and all of its obligations to the Federal Government.
2. The right of the State to withdraw said public land, in whole or in part, (a) for airport purposes; or (b) whenever said public land, or portion thereof, shall cease to be used for the purpose specified herein; or (c) whenever required by any agreement now in force or which may hereinafter be in force between the State of Hawaii and the United States of America, including but not limited to grant agreements and Land Office Deeds 16432 and S-18727, aforesaid.

3. Compliance with and observance of all State and Federal rules, regulations and statutes, including but not limited to Public Law 82-377, as amended by Public Law 87-654, pertaining to and affecting the use of said public land.

SUBJECT, FURTHER, to disapproval by the legislature by two-thirds vote of either the Senate or the House of Representatives or by majority vote of both, in any regular or special session next following the date of this Executive Order.

In Witness Whereof, I have hereunto set my hand and caused the Great Seal of the State of Hawaii to be affixed.
Done at the Capitol at Honolulu this 9th day of January, Nineteen Hundred and 68.....

Approved as to form:

Samuel M. Kimi
Deputy Attorney General

John A. Burns
Governor of the State of Hawaii

Proofed by: i

Dated: 1/2/68

-3-

State of Hawaii
Office of the Lieutenant Governor

2358

This is to Certify That the within is a true copy of Executive Order No.....
setting aside land for public purposes, the original of which is on file in this office.

In Testimony Whereof, the Lieutenant Governor of the
State of Hawaii, has hereunto subscribed his name
and caused the Great Seal of the State to be affixed.

DONE in Honolulu, this day of
....., A.D. 19.....

Executive Order No. 2358

**Setting Aside Land for
Public Purposes**

Land	Purpose	Date
------------	---------------	------------

EXHIBIT "a-3"

COVENANTS, TERMS AND CONDITIONS

RESERVING UNTO THE STATE OF HAWAII THE FOLLOWING:

1. Minerals and Waters.

A. All minerals as hereinafter defined, in, on or under the Premises and the right, on its own behalf or through persons authorized by it, to prospect for, mine and remove such minerals and to occupy and use so much of the surface of the ground as may be required for all purposes reasonably extending to the mining and removal of such materials by any means whatsoever including strip mining. "Minerals" as used herein, shall mean any or all oil, gas, coal, phosphate, sodium, sulphur, iron, titanium, gold, silver, bauxite, bauxitic clay, dispore, boehmite, laterite, gibbsite, alumina, all ores of aluminum and without limitation thereon all other mineral substances and ore deposits, whether solid, gaseous or liquid, including all geothermal resources, in, on, or under the land, fast or submerged; provided that "minerals" shall not include sand, gravel, rock or other material suitable for use and used in general construction in furtherance of Lessee's permitted activities on the Premises and not for sale to others.

B. All surface and ground water appurtenant to the demised land and the right on its own behalf or through persons authorized by it, to capture, divert or impound the same and to occupy and use so much of the Premises as may be required in the exercise of this right reserved; provided, however, that as a condition precedent to the exercise by the State of Hawaii of the rights reserved in this paragraph, just compensation shall be paid to Lessee for any of Lessee's improvements taken.

2. Prehistoric and Historic Remains. All prehistoric and historic remains found on the Premises, this Lease shall be subject to the rights of native tenants and to regulatory rights and ownership rights (if any) of the State of Hawaii established pursuant to state law including chapter 6E, Hawaii Revised Statutes, over prehistoric or historic remains found in, on, or under the land.

LESSEE HEREIN COVENANTS AND AGREES WITH LESSOR AS FOLLOWS:

1. Taxes, Assessments, Etc. Lessee shall pay or cause to be paid, prior to delinquency, any taxes and assessments, of every description, as to said Premises, or any part thereof, including any improvements thereon; provided, however, that with respect to any assessment made under any betterment or improvement law which may be payable in installments, Lessee shall be required to pay

only such installments, together with interest, as shall become due and payable during said term. Without limiting the generality of the foregoing, Lessees shall also be responsible for the payment of any Hawaii general excise tax (or successor tax) imposed upon the payment of all sums by Lessee under this Lease. Lessee shall remain current in payment of all taxes, rents, or other obligations to the United States, the State of Hawaii, or any of its political subdivisions, including the County of Maui.

2. Utility Services. Lessee shall pay, prior to delinquency, all charges for water, sewer, gas, electricity, telephone and other services or utilities used by Lessee on the Premises during the term of the Lease unless otherwise expressly agreed to in writing by Lessor.

3. No Residential Use. Lessee, its agents, employees and invitees, shall not use the Premises as temporary or permanent residence. Lessee shall not permit or allow any person to live on the Premises.

4. Indemnification. Lessee shall indemnify, defend, and save Lessor and the State of Hawaii harmless against and from any and all suits, claims, damages, judgments, costs and expense, including reasonable attorney's fees, arising from the Lessee's use of the Premises or arising from the construction of Lessee's improvements, from the failure of Lessee to observe and perform any of the covenants, obligations, rules, regulations, provisions, terms and conditions of this Lease, or from any act or negligence or omission to act of Lessee, its agents, contractors, servants, employees, concessionaires or licensees in or about the demised Premises or in any connection with this Lease. In case any action or proceeding be brought against Lessor, the State of Hawaii, or both (in addition to Lessee) by reason of any such claim, even though such claim be based on alleged fault of Lessor, the State of Hawaii, or both, Lessee agrees to pay the reasonable costs and expenses thereof, secured against Lessee by reason of such action or proceeding. The obligations of Lessee under this section shall survive the expiration or earlier termination of the Lease without limitation.

5. Costs of Litigation. In case Lessor and/or the State of Hawaii, without any fault on their respective parts, is made a party to any litigation commenced by or against Lessee (other than condemnation proceedings), Lessee shall pay all costs and expenses, including attorneys fees, incurred by or imposed on Lessor and/or the State of Hawaii. Lessee shall pay all costs and expenses, including attorneys fees, which may be incurred by or paid by Lessor and/or the State of Hawaii in enforcing the covenants,

obligations, rules, regulations, provisions, terms and conditions of this Lease, in recovering possession of the Premises, or in the collection of delinquent rent, taxes, and any and all other charges. The obligations of Lessee under this section shall survive the expiration or earlier termination of the Lease without limitation.

6. Assumption of Risk and Liability. Lessee, as a material part of the consideration to Lessor for this Lease, does hereby assume all risk of bodily injury, wrongful death and/or property damage, business interruption or economic loss occasioned by any accident, fire, or nuisance made or suffered on the Premises, and hereby waives any and all claims against the Lessor and the State of Hawaii. All inventory, property, vehicles, approved improvements and equipment of Lessee shall be kept, placed or stored at the sole risk of Lessee, and Lessor shall not be responsible or liable for any damage thereto or loss or theft thereof, including subrogation claims by Lessee's insurance carriers.

7. "As Is" Condition. Lessor has not made and shall not make, any representation or warranty, implied or otherwise, with respect to the condition of the Premises, including but not limited to (a) any express or implied warranty of merchantability or fitness for any particular purpose or (b) any dangerous or defective conditions existing upon the Premises, whether or not such conditions are known to Lessor or reasonably discoverable by Lessee. Lessee accepts the Premises in a completely "as is" condition, with full assumption of the risks, and consequences of such conditions.

8. Mortgage. Lessee may mortgage or create a security interest in the Premises or any portion thereof with the prior written approval of the Director and the BLNR, provided that, in the case of default the leasehold interest may be foreclosed only by judicial action pursuant to Chapter 667, Hawaii Revised Statutes, and the leasehold interest shall be transferred to the purchaser by assignment of lease for the remainder of the lease term only.

9. Liens. Lessee shall not commit or suffer any act of neglect whereby the Premises, or any part thereof, or the estate of Lessee in the same, shall become subject to any attachment, judgment, lien, charge, or encumbrance (hereinafter collectively called "Lien"), whatsoever. In the event that any Lien shall attach to or encumber the Premises, or if an application for a Lien is filed in any court of competent jurisdiction, Lessee shall bond against or discharge the same within ten (10) days after written

request by Lessor. Lessee shall indemnify and hold harmless the Lessor and the State of Hawaii from and against all attachments, liens, charges and encumbrances and all expenses resulting therefrom, including attorney's fees.

10. Rules and Regulations. Lessor excepts and reserves the right, from time to time, to adopt reasonable rules and regulations pertaining to Lessee's use of the Premises, which rules and regulations shall be binding upon Lessee upon notice thereof to Lessee. For enforcement of such rules and regulations, if any, Lessor shall have all remedies in this Agreement and any other remedies allowed by law.

11. Alterations and Improvements. Lessee shall make no alterations to any structure on the Premises or construct any building or make any other improvements on the Premises without the prior written approval of the Director and the BLNR. Alterations or improvements on the Premises approved by the Director and the BLNR, made by and paid for by Lessee, with the exception of fixtures which cannot be removed without damage to the Premises, shall, unless otherwise provided by written agreement between the Parties, be the property of Lessee.

12. Fixed Improvements. Lessee shall not at any time during the term construct, place, maintain or install on the premises any building, structure or improvement of any kind or description except with the prior written approval of Lessor and the BLNR and upon those conditions the Lessor and/or BLNR may impose, including any adjustment of rent, unless otherwise provided in this Lease. All improvements of whatever kind or nature located on the Premises prior to, or on the commencement date of this Lease shall be, and at all time remain, the property of the Lessor.

13. Repair and Maintenance. Lessee shall at its own expense at all times during the term of this Lease, substantially repair and maintain, and keep all improvements now or hereafter built or made on the Premises in good and safe repair, order, and condition, reasonable wear and tear excepted.

14. Sanitation. Lessee shall keep the Premises and improvements in a strictly clean, sanitary and orderly condition.

15. Waste and Unlawful, Improper or Offensive Use of Premises. Lessee shall not commit, suffer, or permit to be committed any waste or nuisance, or unlawful, improper or offensive use of the Premises, or any part thereof, nor, without the prior written consent of the Director, cut down, remove or destroy, or suffer to be cut down, removed or destroyed, any trees growing on

the Premises at the commencement of the this Lease, as well as any trees that are growing on the Premises during the duration of the this Lease.

Lessee shall not allow the Premises to become unduly eroded or subject to any material increase in weeds or litter, and Lessee shall make reasonable efforts to prevent or correct same.

16. Hazardous Materials. Lessee shall at all times, at its own cost and expense, comply with all federal, state and local laws, ordinances, regulations and standards relating to the use, analysis, production storage, sale, disposal or transportation of any hazardous materials, including oil or petroleum products or their derivatives, solvents, PCB's, explosive substances, asbestos, radioactive materials or waste, and any other toxic, ignitable, reactive, corrosive, contaminating or polluting materials which are now or in the future subject to any governmental regulation (hereinafter collectively referred to as "hazardous substances"). Prior to commencing use of the Premises for any activity involving the storage, use, or distribution of (a) any hazardous substance, or (b) products or materials which (i) include any hazardous substance as a component and (ii) which, if an accident occurred, might result in the release or discharge of any hazardous substance, Lessee shall give written notice of such proposed use to Lessor. Such notice shall set forth (a) the proposed use and the hazardous substance involved, (b) a hazardous substance management plan describing the actions taken or proposed to be taken by Lessee to assure Lessee's compliance with the requirements of this Lease, and (c) evidence of insurance or other financial resources available to Lessee sufficient to assure Lessee's ability to comply with its obligations. Upon the expiration or earlier termination or revocation of this Lease, Lessee shall (a) cause all hazardous substances previously owned, stored, or used by Lessee to be removed from the Premises and disposed of in accordance with applicable provisions of law; (b) remove any storage tanks or containers installed or used by Lessee to store any hazardous substances and repair any damage caused by such removal; (c) cause any soil or other portion of the Premises which has become contaminated by any hazardous substances stored or used by Lessee to be decontaminated, detoxified or otherwise cleaned up in accordance with the requirements of cognizant governmental authorities; and (d) surrender possession of the Premises to Lessor free of the presence or effects of any hazardous substances generated or used by Lessee in, on, or about the Premises during the term of this Lease. Lessee shall indemnify, defend, and hold harmless Lessor and the State of Hawaii from and against any and all claims relating to hazardous materials arising from this Lease.

The obligations of Lessee under this section shall survive the expiration or earlier termination of the Lease without limitation.

17. Rights of Way and Easements. Lessor reserves the right, subject to the approval of the BLNR, to issue rights of way and easements for lines, transmission facilities and appurtenances for utilities, electricity, gas, telephone, pipes, water, sewers, drainage, flowage, and any other purposes, whatsoever, without limitation, including the right to enter to construct, reconstruct, operate and maintain such facilities; provided that all such reserved rights shall be reasonably exercised so as to cause the least practicable interference with Lessee's operations; provided further, that, in any such event, any improvements made by Lessee which were damaged as a result of such entry shall be restored to a condition as near as practicable prior to such entry. Lessor further reserves the right to authorize public access over, across, under and through the Premises.

18. Access to Information. Lessee shall provide Lessor and the BLNR with access to Lessee's books, records, assets, facilities, and all other information relative to the use of the Premises, as deemed necessary in the judgment of Lessor and, if applicable, the BLNR.

19. Liability Insurance, Required Coverage. Lessee shall obtain, pay for, and keep in force throughout the period of this Lease comprehensive liability insurance issued by an insurance company (the "Carrier") authorized to do business in the State of Hawaii (an "Admitted Carrier"), or by a company not authorized to do business in the State of Hawaii (a "Non-Admitted Carrier") only through a general insurance agent or broker licensed in the State of Hawaii. The Carrier shall be rated no less than "A-" as established by "AM Best" or "Standard and Poor" ratings.

The insurance policy, as evidenced by issuance of a "Policy Endorsement", shall name Lessor, the State of Hawaii, and their respective officers, employees and agents as "Additional Named Insured", and shall include a duty to defend, indemnify, and hold harmless Lessor, State of Hawaii, and their respective officers, employees and agents against any loss, liability, claims, and demands for injury or damage, including but limited to, claims for property damage, personal injury, or wrongful death, arising out of, or in connection with Lessee's actions and/or use of Premises.

Unless otherwise agreed to through the joint decision and discretion of the Director of the Department of Finance and the Director, the insurance policy shall contain the following minimum requirements:

- 1) No less than a Combined Single Limit ("CSL") of liability coverage of \$1,000,000;
- 2) No erosion of limit by payment of defense costs; and
- 3) Minimum annual aggregate limit of \$2,000,000.

Prior to or upon the execution of this Agreement, Lessee shall furnish the Lessor with a copy of the insurance policy certificate together with the required endorsements verifying such insurance coverage. If the scheduled expiration date of a current insurance policy is sooner than the specified termination date of this Lease, the Lessee shall, upon renewal of the insurance policy, provide the County with a copy of the renewed insurance policy certificate together with the required endorsements.

Unless waived by Lessor and the State of Hawaii, the insurance policy shall expressly state that the coverage provided under such policy shall not be cancelled or terminated, unless the Carrier has first given Lessor and the State of Hawaii thirty (30) calendar days prior written notice of the intended cancellation or termination.

If at any time, and from time to time, a higher limit or other requirements shall be deemed appropriate, customary, or necessary, in the reasonable discretion of the Director, the BLNR, or both, Lessee shall obtain and maintain such coverage.

20. Property Insurance. Lessee shall, unless otherwise agreed to through the joint decision and discretion of the Director of the Department of Finance and the Director, procure and, during the entire term of this Lease, keep in force and effect special form property insurance covering all of Lessee's leasehold improvements, trade fixtures, inventory, equipment and personal property from time to time in, on or upon the Premises, in an amount not less than the full replacement cost thereof without deduction for depreciation, providing protection against all risks of loss not otherwise excluded for the Premises, together with insurance against sprinkler damage, vandalism, and malicious mischief, including demolition and debris removal and extended coverage, hurricane/wind coverage, and with inflation guard endorsement, if available in any insurance company qualified to do business in the State of Hawaii and shall, from time to time, deposit promptly with Lessor the policy and premium receipts therefor or a current certificate that such insurance is in full force and effect and shall not be cancelled without written notice to Lessor sixty (60) days prior to the effective date of such cancellation. All such policies shall be made payable to Lessor

and Lessee as their interests may appear (it being understood and agreed that Lessor's interest shall be limited to permanent fixtures and other installations which are not removable by Lessee upon the termination of this Lease), and shall provide for a deductible of not more than \$5,000.00. All policy proceeds shall be used for the repair or replacement of the property damaged or destroyed unless this Lease shall cease and terminate in accordance with the provisions of this Lease.

21. Fire Insurance. Lessee shall, unless otherwise agreed to through the joint decision and discretion of the Director of the Department of Finance and the Director, procure, at its own cost and expense, and maintain during the period of this Lease, a policy or policies of fire insurance, on all buildings and improvements on the Premises, against loss or damage by fire in an amount equal to one hundred percent (100%) of the replacement value of the Premises as established by the insurance appraiser and as approved by the Director of Finance, and shall pay premiums thereon at the time and place the same are payable. The policy or policies of insurance shall be made payable in the case of loss to the County of Maui, as its interest may appear, and shall be deposited with the County. Any proceeds derived therefrom in the event of total or partial loss shall be immediately available to, and as soon as reasonably possible be used by Lessee for rebuilding, repairing, or otherwise reinstating the same buildings in a good and substantial manner according to the plans and specifications approved in writing by the County; provided, however that with the approval of the County, Lessee may surrender this Lease and Lessee shall then receive that portion of said proceeds which constitute the proportionate value of permanent improvements made by Lessee, if any, in relation to the unexpired term of this Lease and useful life of the improvements at the time of the loss, if any, with the County retaining the remaining proceeds of said proceeds.

22. Condemnation. If at any time during the term of this Lease any portion of the leased Premises should be condemned or required for public purposes by the State of Hawaii or the United States, Lessee shall be entitled to receive from the condemning authority the proportionate value of Lessee's permanent improvements so taken in the proportion that it bears to the unexpired term of this Lease; provided that Lessee may, in the alternative, remove and relocate Lessee's improvements to the remainder of the Premises occupied by Lessee. Lessee shall not by reason of the condemnation be entitled to any claim against Lessor for condemnation or indemnity for its interest in this Lease and all compensation payable or to be paid for or on account of this Lease by reason of the condemnation, except as aforesaid as to Lessee's improvements, shall be payable to and be the sole property

of Lessor. Where the portion taken renders the remainder unsuitable for the use or uses for which the land was leased, Lessee shall have the option to surrender this Lease and be discharged and relieved from any further liability therefor; provided that Lessee may remove the permanent improvements constructed, erected and placed by it within such reasonable period as may be allowed by Lessor. The foregoing right of Lessor shall not be exclusive of any other to which Lessor may be entitled by law.

23. Lessor's Lien. Lessor shall have a lien on all the buildings and improvements placed on the Premises by Lessee, on all property kept or used on the Premises, whether the same is exempt from execution or not, and on the premises, whether the same is exempt from execution or not, and on the rents of all improvements and buildings situated on the Premises for all costs, attorney's fees, rent reserved, taxes, and assessments paid by Lessor on behalf of Lessee and for the payment of all money as provided in this Lease to be paid by Lessee, and such lien shall continue until the amounts are paid.

24. Sublease. Lessee may, with written approval of the Director and the BLNR, sublease the demised premises.

25. Lessee's Right to Terminate. If Lessee is not in default of the terms of this Lease to be observed and performed, Lessee may terminate this Lease by giving Lessor at least sixty (60) days prior written notice of such termination.

26. Surrender of Premises. At the expiration, revocation, cancellation or termination of this Lease, Lessee shall peaceably surrender the Premises, together with all improvements existing or constructed thereon, unless provided otherwise. On or before the last day of the term or the sooner termination thereof, Lessee, if not then in default, shall remove all trade fixtures, operating equipment and other personal property of Lessee from the Premises and repair any damage occasioned by any such removal. Property not so removed shall be deemed abandoned by Lessee.

27. Termination. If Lessee becomes bankrupt, dissolves, becomes inactive, or abandons the leased Premises for a period of four (4) consecutive months, or if this Lease and the leased Premises shall be attached or otherwise taken by operation of law, or if any assignment be made of Lessee's property for the benefit of creditors, or shall fail to observe and perform any of the covenants, obligations, rules, regulations, provisions, terms and conditions, and such failure shall continue for a period of more than thirty (30) days after delivery by Lessor of a written notice

of such breach or default, by personal service, registered mail or certified mail to Lessee at Lessee's last known address, all rights granted hereunder to Lessee shall cease and this Lease shall terminate without prejudice to any other remedy or right of action for arrears of rent or damages or for any preceding or other breach or contract; and in the event of such termination, all buildings and improvements there on shall remain and become the property of Lessor, subject to any valid mortgages against the property, subject to the provisions of Section 171-21, Hawaii Revised Statutes.

28. Covenant Against Discrimination. The use and enjoyment of the Premises shall not be in support of any policy which discriminates against anyone based upon race, sex, sexual orientation, age, religion, color, ancestry, national origin, disability, marital status, arrest and court record, assignment of income for child support obligations and National Guard participation.

29. ADA Compliance. Lessor makes no representations or warranties, express or implied, as to the Premises or any existing improvements thereon, regarding compliance with the Americans with Disabilities Act of 1990 ("ADA"), 42 U.S.C. §§12101-12213 (2000). Lessee shall be responsible for complying with the ADA and Lessee shall defend, indemnify and hold harmless Lessor and the State of Hawaii against any and all claims regarding non-compliance with any requirement of the ADA. All costs relating to any required improvements or modifications to the Premises, and any existing improvements thereon, shall be borne by Lessee. Notwithstanding any other provision of this Lease to the contrary, any improvements to the Premises constructed by Lessee shall be in compliance with the ADA.

30. Compliance with Laws. Lessee shall comply with all federal, state, and county laws pertaining to the Premises and activities conducted on the Premises, now in force or which may hereinafter be in force.

31. Interpretation Under Hawaii Law. This Lease is made and entered into in the State of Hawaii, and shall in all respects be interpreted, enforced, and governed under the laws of the State of Hawaii.

32. Gender. The use of any gender shall include all genders, and if there be more than one Lessee or Lessor, then all words used in the singular shall extend to and include the plural.

33. Paragraph Headings. The paragraph headings throughout this lease are for the convenience of Lessor and Lessee and are not intended to construe the intent or meaning of any of the provisions thereof.

34. Time of the Essence. Time is of the essence of this Lease and all of the terms, provisions, covenants, and conditions hereof.

35. Notices. All notices or demands that are required or may be given under this Lease by one party to another party, or that are required by law, shall be in writing and shall be deemed to have been validly given or served in the following manner: (a) by delivery to the intended addressee; or (b) by depositing the notice with a reputable private courier service for next business day delivery to the intended recipient at its address set forth on the first page of this Lease or at such other address as a party shall have designated for such purpose by notice to the other party or parties; or (c) by depositing the notice with the United States Postal Service for delivery, postage prepaid, registered or certified mail, return receipt requested, to the intended recipient at its address set forth on the first page of this Lease or at such other address as a party shall have designated for such purpose by notice to the other party or parties.

A notice shall be deemed received upon personal delivery to the designated address or three days after being deposited with a private courier service or with the United States Postal Service as described, supra. Rejection of or refusal to accept a notice or the inability to give notice because a notice of a change in address was not given as required by this Paragraph shall be deemed to be receipt of the notice sent when tendered as provided by this Paragraph.

If a party has designated an agent for service of process, notice to the agent shall conclusively be deemed service on the party. A party shall have the right from time to time to change its address for receipt of notice and to specify any other address within the United States of America by giving written notice of the change in address to the other party or parties at least fifteen (15) days in advance. A notice of change of address is effective under this Lease only when actually received.

37. Assistance of Legal Counsel. The Parties represent and certify to each other that they have been advised to seek the advice of legal counsel and have done so. The Parties have carefully read and fully understand all of the provisions of this Lease, and have thoroughly discussed all aspects of this Lease with

their respective counsel. The parties are voluntarily entering into this Lease and no party or its agents, representatives, or attorneys have made any representations concerning the terms or effects of this Lease other than those contained herein.

END OF EXHIBIT "a-3"